Saskatchewan
Learning

Saskatchewan
Teachers' Superannuation
Commission

2002 - 2003
ANNUAL REPORT

Superannuation

Group Life Insurance

Dental

104-00697/

2002-03 Annual Report

The Saskatchewan Teachers' Superannuation Commission
Room 226, 3085 Albert Street
Regina, Saskatchewan S4P 3V7

submits the:

Seventy-third Annual Report with respect to
The Teachers' Superannuation and Disability Benefits Act for the Year Ended June 30, 2003,

Forty-third Annual Report with respect to
The Teachers' Life Insurance (Government Contributory) Act Chapter T-8, R.S.S. 1978
for the Year Ended August 31, 2003, and

Eighteenth Annual Report with respect to
The Teachers' Dental Plan Act
for the Year Ended December 31, 2002

Table Of Contents

Letter of Transmittal 2
Teachers' Superannuation Commission 3
Teachers' Superannuation Plan 6
Teachers' Disability Benefits Plan 10
Investments 11
Cash Flow Forecast 13
Teachers' Group Life Insurance Plan 14
Teachers' Dental Plan 16
Audited Financial Statements 17
Investment Schedules 35

LETTER OF TRANSMITTAL

The Honourable Judy Junor
Minister in Charge,
Teachers' Superannuation Commission
Regina, Saskatchewan

Madame:

The Teachers' Superannuation Commission has the honour to submit the annual report outlining activities under *The Teachers' Superannuation and Disability Benefits Act* for the year ending June 30, 2003; *The Teachers' Life Insurance (Government Contributory) Act* for the period ending August 31, 2003 and *The Teachers' Dental Plan Act* for the period ending December 31, 2002.

Respectfully submitted,

P. J. Dickson (Mrs.)
Chairperson

TEACHERS' SUPERANNUATION COMMISSION

Mission Statement

The Teachers' Superannuation Commission strives to deliver teacher benefits to the highest professional standard, combining accurate and up-to-date information with personalized client service.

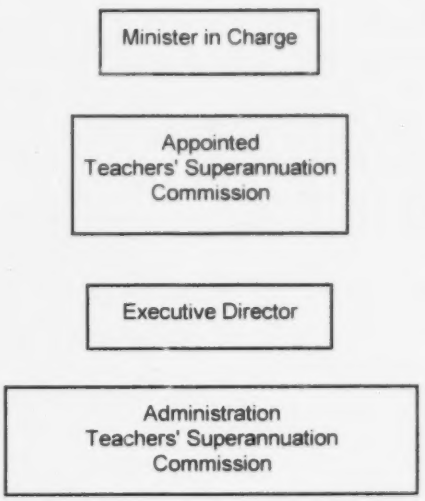
Objectives

The Teachers' Superannuation Commission, which consists of seven members appointed by the Lieutenant Governor in Council, is responsible to the Minister of Learning for the administration of *The Teachers' Superannuation and Disability Benefits Act, The Teachers' Life Insurance (Government Contributory) Act, The Teachers' Dental Plan Act* and the Regulations to these Acts.

The primary responsibility of the Commission is to provide retirement and other benefits to teachers. The duties associated with this responsibility are:

- to provide information and advice to plan members;
- to collect pension contributions from all participating teachers;
- to provide retirement benefits to teachers and dependents of deceased teachers;
- to monitor the investment of the pension funds;
- to provide disability benefits to eligible teachers who are unable to continue teaching due to illness;
- to administer reciprocal transfer agreements with other jurisdictions;
- to keep appropriate financial records of the affairs of the Plan;
- to administer the Voluntary Contributions Fund;
- to administer the Teachers' Group Life Insurance Plan; and,
- to administer the Teachers' Dental Plan.

Organization



The Saskatchewan Teachers' Superannuation Commissioners acknowledge and appreciate the cooperation and assistance of the staff of the Teachers' Superannuation Commission, the Saskatchewan Teachers' Federation, the school boards and regional colleges, and the administrative staff within government. The efforts of these individuals have resulted in another successful year for the Commission.

Commission Members

In accordance with Section 4 of *The Teachers' Superannuation and Disability Benefits Act*, the Teachers' Superannuation Commission consists of three members nominated by the executive committee of the Saskatchewan Teachers' Federation, three members nominated by the Minister of Learning and a chairperson nominated by these six members. All appointments are made by the Lieutenant Governor in Council for a term of five years.

Appointed Commission members include:

Chairperson:
P. J. Dickson (Mrs.)

Nominated by the Minister of Learning:
Don Trew, Executive Director
Corporate Services
Saskatchewan Learning

J. Michael Littlewood, Executive Director
Legislation and School Administration
Saskatchewan Learning

Brian Smith, Executive Director
Public Employees Benefits Agency
Saskatchewan Finance

Nominated by the Saskatchewan Teachers' Federation:
Shirley Humphries, Executive Assistant
Saskatchewan Teachers' Federation

George Georget, Executive Assistant
Saskatchewan Teachers' Federation

Lyle Vinish, General Secretary
Saskatchewan Teachers' Federation

Administration

Administration for the Teachers' Superannuation Commission is comprised of 15 members involved in processing pensions, disability benefits, payroll; tracking pension contributions and investments; and providing counselling and various administrative functions for members of the Plan. In addition, the staff are responsible for the Disability Benefits Plan, Teachers' Group Life Insurance Plan and the Teachers' Dental Plan.

The Teachers' Superannuation Commission prepares estimates for annual retirement planning sessions facilitated by the Saskatchewan Teachers' Federation. In this way, staff of the Teachers' Superannuation Commission and the Saskatchewan Teachers' Federation work together to ensure the teachers of Saskatchewan are well represented and informed through group and one-on-one counselling sessions.

The $1.5 million operating budget of the Commission is paid out of moneys appropriated by the Legislature.

Consultants

Actuarial consulting firms assist with the development of the investment policy guidelines, propose assumptions and perform the calculations of benefits for marriage breakdown and commuted value payments, and actuarial present value calculations for the purpose of portability agreements. Actuarial services are also required in preparing a valuation of the Plan and for cash flow projections.

Whenever required, legal consultation is provided by either the Department of Justice or private legal counsel. Legal advice provided to the Commission ensures all legal obligations are fulfilled.

The Plans' assets are measured by a third party. Reports are provided to the Commission for monitoring the performance of the Investment Manager.

Accomplishments for 2002-03

Teachers' Superannuation Plan

- Investment earnings allocated to teachers in the Teachers' Superannuation Fund were 3.91 per cent. The investment earnings allocated to members in the Voluntary Contributions Fund were 2.68 per cent.
- On January 1, 2003 a cost of living increase of 1.3 per cent was applied to all pension allowances and disability benefits.
- In the last year 5,632 pension estimates have been issued to teachers. These pension estimates are valuable tools for retirement planning.
- Approximately 6,960 teachers received Annual Statements which provided them with retirement options and projections as at June 30, 2002.
- In the last year, 56 calculations for marriage breakdowns were prepared; only 7 were used for property settlements resulting in $.475 million being transferred out of the Plan.
- In 2002-03, 12 commuted value transfers of locked-in contributions and interest were processed totalling $2.2 million.

Teachers' Group Life Insurance Plan

- The 2002-03 annual premium was $233.80 which provided $127,000 for term life insurance plus accidental death and dismemberment coverage.
- The premiums paid to the insurance carrier totalled $4.2 million of which $1.57 million was matched contributions provided by the Minister of Finance.
- The total insurance for all eligible Saskatchewan teachers was $2.19 billion.

Volume of Transactions

	2002-03	2001-02
Teachers' Superannuation Plan		
Purchases, repayments and reciprocal transfers in	219	270
Termination refunds and reciprocal transfers to other pension plans	234	278
Allowances in payment to superannuates, survivors and dependents	9,688	9,381
Disabled teachers in receipt of benefits	445	420
Deaths	341	418
T4A's issued for purchases, refunds, pensions, pension adjustments, and taxable benefit	25,057	25,025
Teachers' Group Life Insurance Plan		
Insurance participants	18,469	18,299
Insurance death claims paid	53	30
	2002	2001
Teachers' Dental Plan		
Dental claims processed	50,164	49,540

TEACHERS' SUPERANNUATION PLAN

History

Legislation was introduced July 1, 1930 to inaugurate a superannuation plan for teachers in Saskatchewan. The plan provisions under the original *Teachers' Superannuation Act* have been significantly amended since then.

- A major milestone was in 1974 when the Teachers' Superannuation Plan became a negotiable matter as a mandatory item under *The Teacher Collective Bargaining Act, 1973*. As a negotiable item, any amendments to the Plan must first be included in a provincial collective bargaining agreement.

- In 1980, the Government began to address the growing unfunded liability of the Plan. In that year, the Teachers' Annuity Plan was established for those new teachers who had not previously taught in Saskatchewan, and for certain teachers who chose to transfer from the old formula plan. The Government also began to match the pension contributions of teachers.

- Effective July 1, 1984, teachers became eligible for a pension with 30 years of contributory service, regardless of age. This has proved to be a popular retirement provision.

- Recognition for part-time service was introduced on July 1, 1990. Teachers are allocated a full month of eligibility service for each month they are employed under a part-time contract. The pension allowance is calculated utilizing the equivalent full-time salary rate.

- The assets and liabilities of the Teachers' Annuity Plan were transferred to the Saskatchewan Teachers' Federation on July 1, 1991. It is now a defined benefit plan known as the Saskatchewan Teachers Retirement Plan.

- The 1992-1994 Collective Bargaining Agreement introduced changes to the Plan, including:
  - the teacher accounts would be allotted all investment earnings of the Fund;
  - a statement of what monies constitute the Teachers' Superannuation Fund, and how monies can be withdrawn from the Fund; and,
  - provision for commuted value transfers and marriage breakdown payments.

- In November, 1995 the first 'Small Benefit Payout' was issued. A small benefit commuted value is paid in lieu of an allowance when the annual allowance is less than 2% of the Canada Pension Plan yearly maximum pensionable earnings for the year of retirement.

- In January, 1996 the Commission prepared and mailed to its members, their first Annual Statement. It provided a summary of their service record, as well as projections on what retirement income they could expect to receive from the Plan if they either terminated immediately or continued to teach at the current rate.

- A customized in-house payroll system was developed and implemented in October, 1998. It results in substantial savings in administration costs for the Commission.

- Significant changes introduced in the 1997-1999 Collective Bargaining Agreement include:
  - the purchase of up to one year of service for a deferred salary leave; and,
  - teaching to a maximum of 120 days in a school year during the first year after retirement and 60 days for subsequent years without penalty.

- In May, 2001 an actuarial based reciprocal transfer agreement was signed with all provincial teacher pension plans, with the exception of Newfoundland and British

Columbia. This replaces the 1978 transfer agreement, as well as the June 1997 agreement.

- In July, 2001 the maximum allowable days for a superannuate to return to teach without a penalty was removed.

- January 1, 2002, British Columbia signed the actuarial based reciprocal transfer agreement.

- Effective September 1, 2002, periods of time while a member was or is in receipt of disability benefits is treated as eligibility and contributory service.

- The September 1, 2002 to August 31, 2004 Provincial Collective Bargaining Agreement amended *The Teachers' Superannuation and Disability Benefits Act* to comply with the Freedom of Information and Protection of Privacy legislation respecting the disclosure and privacy of personal information.

Membership

The Teachers' Superannuation Plan has been closed since July 1, 1980. Most teachers who began teaching prior to July 1, 1980, are participants in the Teachers' Superannuation Plan, unless an option was exercised to transfer to an annuity plan formerly operated by the Teachers' Superannuation Commission.

Participants in the Teachers' Superannuation Plan

Year Ended June 30	2003	2002
Active Members	4,424	4,838
Inactive Members	4,717	5,018
Pensioners/Survivors	9,420	9,127
Disabilities	341	387
July 1 Retirements*	261	297
Total Members	19,163	19,667

* Known retirements effective July 1.

All teachers who commenced teaching after June 30, 1980 became members of the Annuity Plan.

Services

The Teachers' Superannuation Plan provides lifetime retirement benefits for teachers and their survivors and dependents. The services provided by the Plan are as follows.

Age and Service Allowance

The Plan calculates an age and service allowance as 2.0 per cent of the average of the five highest years salary times years of contributory service to a maximum of 35 years subject to Canada Customs and Revenue Agency maximums. This pension is reduced at age 65 for CPP integration and is increased each January 1 by 80% of the increase in the Consumer Price Index.

Death Benefits

The Plan's death benefit, for a pensioned teacher or an active teacher with eight or more years of service, provides a spouse with 60% of the regular allowance plus a further 10% for each dependent child to a maximum of 25%. When there is no spouse nor dependent children, a parent who is dependent on the teacher as determined for purposes of the *Income Tax Act (Canada)* is entitled to a 60% allowance. An active teacher's spouse or dependents have the option of taking a refund of the teacher contributions and interest rather than an allowance.

An active teacher with less than eight years of service would have a refund of contributions and interest payable to the dependent, nominee or estate. The dependent has the option to take a deferred survivor allowance.

Termination

When a teacher with more than 20 days of service terminates, contributions and interest are refundable, however, certain lock-in provisions will apply depending upon age and years of consecutive service.

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An active teacher with less than eight years of service would have a refund of contributions and interest payable to the dependent, nominee or estate. The dependent has the option to take a deferred survivor allowance.

Termination

When a teacher with more than 20 days of service terminates, contributions and interest are refundable, however, certain lock-in provisions will apply depending upon age and years of consecutive service.

Purchase of Contributory Service

Within certain restrictions, contributory service may be purchased if a teacher:

- took a sabbatical leave;
- was a study supervisor prior to teaching;
- was absent for maternity, adoption or parenting;
- attended university;
- taught out of province;
- taught in a Band controlled school;
- taught at an approved technical institute;
- taught for CUSO, CIDA, etc;
- taught with NORTEP, University of Regina or University of Saskatchewan;
- was employed by the Department of Learning;
- provided military duty;
- took a 'Deferred Salary Leave'.

As well, a teacher may reinstate refunded service and transfer service under various reciprocal agreements. The purchase of contributory service follows stringent rules which are detailed in *The Teachers' Superannuation and Disability Benefits Act* and are subject to the restrictions imposed by Canada Customs and Revenue Agency.

Marriage Breakdown

Effective January 1, 1992, *The Teachers' Superannuation and Disability Benefits Act* was changed to allow for payments out of the Fund for the division of matrimonial property pursuant to *The Family Property Act*.

Where the member is not yet receiving a pension, the value of the division is calculated using the termination method. A lump sum of up to 50% of the commuted value may be transferred to a locked-in RRSP for the ex-spouse.

For a member in receipt of an allowance, up to 50% of the value of future allowance payments may be transferred to an RRSP for the ex-spouse. The allowance paid to the member is reduced to reflect the amount of the transfer.

Commuted Value Transfers

The Plan requires the lock-in of contributions and interest when a member has ten or more consecutive years of service. Effective July 1, 1993, the commuted value of the locked-in deferred allowance may be transferred to a locked-in RRSP.

Effective July 1, 1998, a commuted value transfer is permitted after four months during which no contributions have been made and assuming the teacher is not eligible for a pension. The transfer is subject to a minimum of teacher contributions and interest.

If a member elects a commuted value transfer, the member has no further rights or entitlement under the Teachers' Superannuation Plan and has no right of re-instatement under any provision of *The Teachers' Superannuation and Disability Benefits Act*.

Pensions

The allowance payable to a teacher who retires under the Teachers' Superannuation Plan is determined by applying a formula based on years of service and highest salaries earned during any five years of service.

Allowances in 2002-03 totalled $230 million ($223M pensioners, $7M disability) were paid to 8,572 pensioners, 1,116 survivors and dependents and 445 disability recipients. From July 1, 2002 to June 30, 2003 a total of 560 new allowances were granted and 284 allowances ceased due to death or discontinued benefits.

New Allowances

	2002-03	2001-02
Retirements	424	450
Disability benefits	58	41
Survivor and Dependent benefits	78	64
Total	560	555

Small Benefit Payout

Effective July 1, 1990, *The Teachers' Superannuation and Disability Benefits Act* was amended to allow a member, with a minimum of one year of eligibility service, to receive a benefit from the Plan at age 65. Many of the members able to take advantage of this new clause took a refund prior to April 1, 1963. Until that time, upon taking a refund a member was required to forfeit two years of service for which contributions had been made. As the majority of these benefits are small, the Commission provides the member with a one-time commuted value payment in lieu of a monthly allowance.

In 2002-03, the Commission calculated and awarded payments of $.866 million.

Recipients of a Small Benefit Payout

Amount of Payout	No. of Teachers
Less than - $3,000	35
$3,000 - $5,000	55
Over $5,000	75
Total	165

Reciprocal Transfer Agreements

The Teachers' Superannuation Commission may enter into reciprocal pension transfer agreements with other teacher employer groups and with public sector employer groups. Agreements were in effect on June 30, 2003 between the Saskatchewan Teachers' Superannuation Commission and the following pension jurisdictions:

- provincial teacher pension authorities in:
  - British Columbia;
  - Alberta;
  - Manitoba;
  - Ontario;
  - Quebec;
  - New Brunswick;
  - Prince Edward Island;
  - Nova Scotia; and,
  - Newfoundland and Labrador.
- Province of Saskatchewan Public Service Superannuation Board and the Public Employees Pension Plan;
- Crown Investment Corporation of Saskatchewan;
- University of Saskatchewan;
- University of Regina;
- Board of Trustees of the Evangelical Lutheran Church of Canada; and
- Board of Trustees of the Western Christian College.

Voluntary Contributions Plan

Effective December 13, 1985, a Voluntary Contributions Fund was established which allows active teachers to make additional tax deductible contributions. These funds are invested separately from the mandatory superannuation contributions.

All Fund earnings are allocated to the teacher contributors. Voluntary contributions have no effect on the level of superannuation benefits to which a teacher may be entitled as a participant in the Teachers' Superannuation Plan. Contributions made to the Plan are used in the calculation of available RRSP room.

Teachers who cease teaching or are eligible for a retirement allowance are eligible for a refund of the voluntary contributions and interest. All monies must be removed by the end of the year in which the teacher turns 69.

Purchase of Contributory Service

Within certain restrictions, contributory service may be purchased if a teacher:

- took a sabbatical leave;
- was a study supervisor prior to teaching;
- was absent for maternity, adoption or parenting;
- attended university;
- taught out of province;
- taught in a Band controlled school;
- taught at an approved technical institute;
- taught for CUSO, CIDA, etc;
- taught with NORTEP, University of Regina or University of Saskatchewan;
- was employed by the Department of Learning;
- provided military duty;
- took a 'Deferred Salary Leave'.

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Teachers' Disability Benefits Plan

Disability benefits are available when a teacher is physically or mentally incapacitated and unable to teach. All payments are a charge on and payable from the General Revenue Fund of the Province of Saskatchewan, as stated in Section 38(2) of *The Teachers' Superannuation and Disability Benefits Act*.

Eligibility

The Plan provides benefits based on a formula incorporating years of service and average earnings. To be eligible, a teacher must have 10 years of eligibility service of which three years are in the five years immediately preceding the disability date, be under the age of 65 and the disability continues beyond 60 days. The disability payment commences when the sick leave benefits from a school board cease.

Medical evidence is required from two physicians verifying the disability. Ongoing eligibility for benefits is confirmed by periodic medical reviews.

Teachers who are partially disabled and teaching on a part-time basis are entitled to benefits in proportion to the non-teaching time.

At age 65, a disability recipient is considered eligible for an age and service allowance and the benefit is recalculated to include any periods where the teacher was receiving a benefit from the Saskatchewan Teachers' Federation, Income Continuance Plan.

Teachers are also encouraged to apply for disability benefits from the Canada Pension Plan. If benefits are payable from that Plan, the amount payable by the Teachers' Superannuation Commission is reduced accordingly.

Disability Recipients

Teachers receiving a Disability payment at June 30, 2002	387
New recipients	58
Transferred to Age and Service Allowance	56
Deaths	4
Disability Discontinued	16
Teachers receiving a Disability payment at June 30, 2003	369

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Eligibility

The Plan provides benefits based on a formula incorporating years of service and average earnings. To be eligible, a teacher must have 10 years of eligibility service of which three years are in the five years immediately preceding the disability date, be under the age of 65 and the disability continues beyond 60 days. The disability payment commences when the sick leave benefits from a school board cease.

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INVESTMENTS

The assets of the Teachers' Superannuation Fund and Voluntary Contributions Fund are held in trust by Royal Trust. Greystone Capital Management Inc. is responsible for investing the funds.

The Teachers' Superannuation Commission with the assistance of the investment manager and actuarial consultant develop investment policies, strategies and objectives for each plan. This document includes a benchmark portfolio against which the performance of the investment manager is measured.

The Teachers' Superannuation Commission sets short term and long term objectives for the investment of the Fund assets. This is achieved through active management of assets. The fund manager strives to achieve a total fund rate of return 10 per cent greater than the specified benchmark portfolio.

Both Funds have a short term objective to achieve a total fund return in three out of four years of 1.0% above the 91-day T-Bill return.

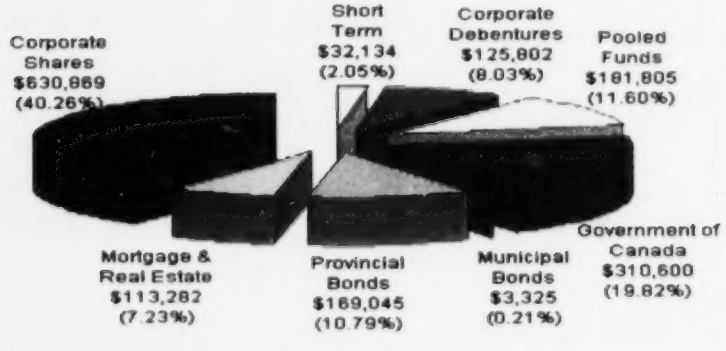
Teachers' Superannuation Fund

The long term objective is to achieve a total annual fund rate of return equal to the Consumer Price Index for Canada plus an additional 4.0 per cent. The total fund rate of return should also be in excess of the long term economic assumptions for funding the Plan.

The assets are managed within these limits:

	Minimum %	Maximum %
Canadian Equities	20	50
Foreign Equities	0	30
Bonds	30	60
Real Estate	0	7
Short Term	0	10
Mortgages	0	5

Teachers' Superannuation Fund - $1,566,862 ($000)


Corporate Shares $630,869 (40.26%)
Short Term $32,134 (2.05%)
Corporate Debentures $125,802 (8.03%)
Pooled Funds $181,805 (11.60%)
Government of Canada $310,600 (19.82%)
Municipal Bonds $3,325 (0.21%)
Provincial Bonds $169,045 (10.79%)
Mortgage & Real Estate $113,282 (7.23%)

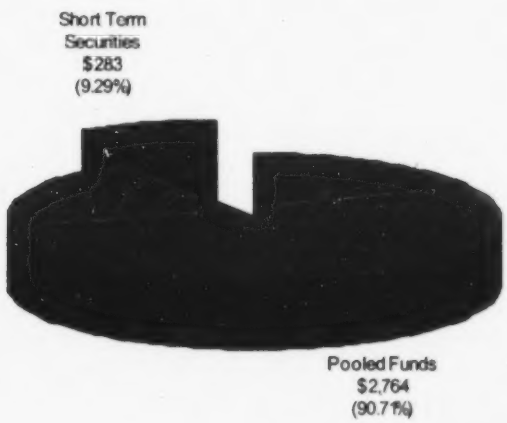
Voluntary Contributions Fund

The long term objective is to achieve a total annual fund rate of return equal to the Consumer Price Index for Canada plus an additional 2.0 per cent.

The assets are managed within these limits:

	Minimum %	Maximum %
Canadian Equities	10	50
Foreign Equities	0	20
Bonds	30	65
Short Term	0	20

Voluntary Contributions Fund - $3,047 ($000)

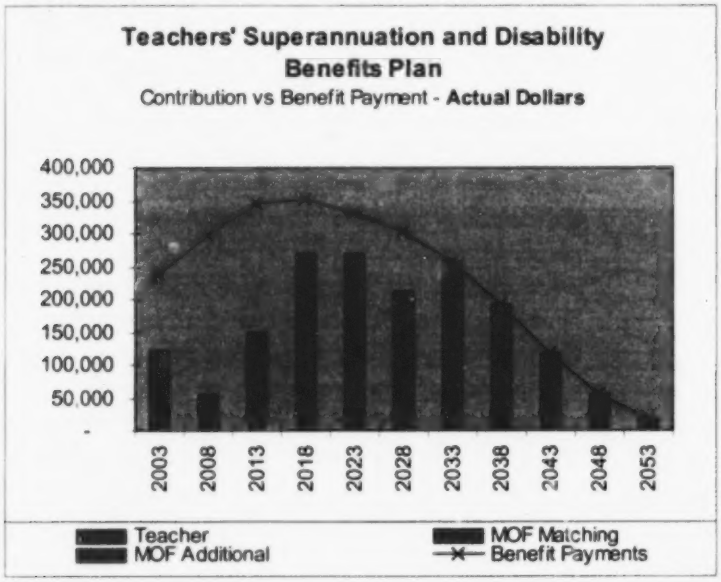


CASH FLOW FORECAST

Minister of Finance Obligation

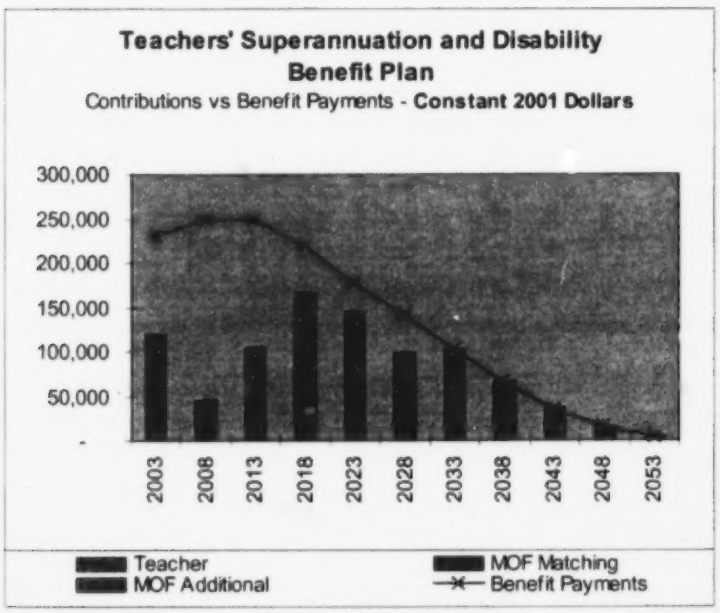
The following charts illustrate the projected future funding required from the Minister of Finance.

As illustrated in the table and charts, the Minister of Finance contributions will peak during the period 2018 to 2021. In constant 2001dollars, Minister of Finance contributions will peak 2017 to 2020. This is based on the valuation done at June 30, 2001.



Contributions from Minister of Finance (000's)

Year	Actual Dollars
2002-2003	$106,170
2007-2008	44,672
2012-2013	145,248
2017-2018	267,329
2022-2023	268,464
2027-2028	212,157
2032-2033	257,900
2037-2038	192,112
2042-2043	117,700



Year	Constant 2001 Dollars
2002-2003	$103,078
2007-2008	37,412
2012-2013	104,930
2017-2018	166,591
2022-2023	144,313
2027-2028	98,376
2032-2033	103,157
2037-2038	66,285
2042-2043	35,031

Additional cash flow information is shown in the Notes to The Financial Statements - Note #11.

TEACHERS' GROUP LIFE INSURANCE PLAN

Program

Legislation was introduced September 1, 1960 to provide group life insurance coverage for Saskatchewan teachers. The amount of insurance coverage and the plan provisions have been considerably increased since its inception. In 1974, group life insurance became a mandatory negotiable item under *The Teacher Collective Bargaining Act, 1973* and continues as such pursuant to Section 237 of *The Education Act*. As a negotiable item, any amendments to the Teachers' Group Life Insurance Plan occur only as a result of a provincial collective bargaining agreement.

Coverage is available for:

- active teachers;
- teachers absent from work for educational reasons;
- teachers absent from work due to ill health;
- teachers absent from teaching in Saskatchewan to serve as an exchange or special teacher; and,
- superannuated teachers to age 75 unless they opt not to participate.

Coverage is also extended to certain other school board officials such as secretary-treasurers.

The insurance coverage includes an amount for accidental death and dismemberment equal to and in addition to the amount of ordinary life insurance in effect.

Superannuated teachers, age 65 to 75, have an option to maintain coverage for $14,600 on term life insurance only.

Effective January 1, 1992, a retired secretary-treasurer granted an allowance or an annuity on the grounds of age and service under the Municipal Employees' Pension Plan has the option to continue insurance coverage under the Teachers' Group Life Insurance Plan.

Administration

With the authorization of the Lieutenant Governor in Council and with the approval of the Saskatchewan Teachers' Federation, the Minister of Finance currently has an agreement with SunLife Assurance Company to underwrite the Teachers' Group Life Insurance Plan.

The Teachers' Superannuation Commission is responsible for administering the underwriting contract. This includes the collection and subsequent payment of premiums to the contracted life insurance company. The Minister of Finance is responsible for payment of 50 per cent of the premium required to provide each teacher the coverage as set out in the Provincial Collective Bargaining Agreement. Superannuated teachers and individuals employed within the category of secretary-treasurer are responsible for 100 per cent of the required premiums.

In 2002-03 coverage was provided for 18,469 participants.

- 13,821 teachers;
- 4,554 superannuated teachers; and,
- 94 others.

The Teachers' Life Insurance (Government Contributory) Act

Chapter T-8, R.S.S. 1978

For the years ended August 31		**2003**		**2002**
Number of insured teachers		18,469		18,299
Total amount of insurance in force	$	2,189,776,600	$	2,054,888,400
Premiums Paid:				
Minister of Finance		1,577,202		1,506,530
Teachers		2,662,035		2,481,384
Total Premiums Paid	$	4,239,237	$	3,987,914
Number of Death Claims		53		30
Amount for Death Claims	$	4,027,400	$	2,651,400
Number of New Disability Claims		3		-
Amount for Disability Claims		252,917		286,514
Sums paid for the conversion of insurance *		22,385		13,875
The insurance company operating costs (1)		204,534		164,616
Total	$	(267,999)	$	871,509

1. Represents

(a) Premium tax	$	111,383
(b) Administration and Risk		72,113
(c) Claim expenses		6,959
(d) Interest on death claims/ cash flow		14,079
Total	$	204,534

* On termination of insurance coverage, a teacher may purchase life insurance directly from the insurance company up to and including age 65 without evidence of insurability.

TEACHERS' DENTAL PLAN

Program

A dental plan was implemented effective January 1, 1986 for Saskatchewan teachers in accordance with the 1985-86 Provincial Collective Bargaining Agreement between the Boards of Education, the Government of Saskatchewan and the teachers of Saskatchewan. The Teachers' Dental Plan covers preventive, routine and major dental services for:

- teachers employed on a regular contract by a Board of Education or on a temporary contract requiring 20 occasions of teaching;
- teachers receiving disability benefits;
- dependents of eligible teachers under age 21; and,
- dependent students under age 26 who are enrolled full-time in an educational institution.

The Plan reimburses teachers a percentage of the eligible dental charges issued in the fee schedules of the College of Dental Surgeons of Saskatchewan and the Denturist Society of Saskatchewan.

Administration

The Minister of Finance, on behalf of the Government of Saskatchewan, is responsible for all the costs associated with the Teachers' Dental Plan.

The Government of Saskatchewan and the Saskatchewan Teachers' Federation have agreed to contract Clarica Life Insurance Company for payment of benefits as provided by the Plan.

May 1, 1996 the dental plan was streamlined to allow teachers to submit dental claim forms directly to the insurance carrier and minimize processing time. The Teachers' Superannuation Commission maintains and updates teacher records on-line with the insurance carrier. This process usually provides teachers with reimbursement within 5 days from receipt of the claim.

As well, dental offices are able to submit dental claims electronically to the insurance carrier. This initiative eliminates lost claims and further reduces delays in processing time.

Other benefits derived from this initiative include the establishment of a 1-800 inquiry line with the insurance carrier and reduced administrative costs of the dental plan.

The 1997-1999 Collective Bargaining Agreement provided enhancements to the dental plan. These enhancements included an increase in the reimbursement levels, eliminating the yearly maximums, the addition of 335 procedures and orthodontic coverage for dependent children.

The following volumes were experienced.

	2002	2001
Total claims processed	50,614	49,543
Cost to Government	$7,245,515	$6,984,129

TEACHERS' SUPERANNUATION COMMISSION MANAGEMENT REPORT, 2003

The management of the Teachers' Superannuation Commission is responsible for the integrity of the accompanying financial statements and all other information in this Annual Report. In Canada, it is the responsibility of management to prepare financial statements in accordance with Canadian generally accepted accounting principles.

The integrity of the financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are executed in accordance with proper authorization, transactions are appropriately recorded in order to permit preparation of financial statements and assets are properly accounted for and safeguarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal accounting controls based on the premise that the cost of such controls should not exceed the benefits derived therefrom.

The financial statements have been audited by the Provincial Auditor of Saskatchewan. The report to the Members of the Legislative Assembly, stating the scope of the examination and opinions on the financial statements, appears on page 19.

The financial statements have been examined and approved by the Commission.

Dave Barnard

David Barnard
Executive Director

Norma Knuth

Norma Knuth
Accountant

Regina, Saskatchewan
August 14, 2003

ACTUARIES' OPINION

Aon Consulting Inc. was retained by the Saskatchewan Teachers' Superannuation Commission (the "Commission") to perform actuarial valuations of the assets and liabilities of the Saskatchewan Teachers' Superannuation Plan and the Saskatchewan Teachers' Disability Benefits Plan (the "Plans") on an accounting basis as at June 30, 2001. Aon Consulting Inc. was further retained to prepare extrapolations of the valuation results to June 30, 2003 for inclusion in the Annual Report with respect to *The Teachers' Superannuation and Disability Benefits Act* for the Year Ended June 30, 2003.

The valuation and extrapolation of the Plans' actuarial assets and liabilities were based on:

- Membership and asset data provided by the Commission as at June 30, 2001;
- Methods prescribed by the Canadian Institute of Chartered Accountants for pension plan financial statements; and
- Assumptions about future events (economic and demographic) which were developed by management and Aon Consulting Inc. and are considered as management's best estimate of these events.

While the actuarial assumptions used to estimate liabilities for the Plans' financial statements contained in the Annual Report represent management's best estimate of future events, and while in our opinion these assumptions are reasonable, the Plans' future experience will differ from the actuarial assumptions. Emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations, and will affect the financial position of the Plans.

We have tested the data for reasonableness and consistency with prior valuations and in our opinion the data is sufficient and reliable for the purposes of the valuation and the extrapolation. We also believe that the methods employed in the valuation and extrapolation and the assumptions used are, in aggregate, appropriate. Our opinions have been given, and our valuation and extrapolation have been performed in accordance with accepted actuarial practice.

Wayne R. Berney
Fellow, Canadian Institute of Actuaries
Fellow, Society of Actuaries

Paul Hebert
Associate, Society of Actuaries

August 14, 2003

Auditor's Report To The Members Of The Legislative Assembly

I have audited the statement of net assets available for benefits and accrued pension benefits and unfunded liability of the Teachers' Superannuation Plan as at June 30, 2003, and the statements of changes in net assets available for benefits, and changes in accrued pension benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits and unfunded liability of the Plan as at June 30, 2003 and the changes in the net assets available for benefits and changes in accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
August 14, 2003

Fred Wendel, CMA,CA
Provincial Auditor

Statement 1
Teachers' Superannuation Plan
Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Unfunded Liability
As at June 30

	2003			2002		
	Superannuation Fund ($000s)	Voluntary Contributions Fund ($000s)	Total ($000s)	Superannuation Fund ($000s)	Voluntary Contributions Fund ($000s)	Total ($000s)
ASSETS						
Due from General Revenue Fund (Note 3)	$ 403	$ 28	$ 431	$ 408	$ 5	$ 413
Accrued investment income	6,362	–	6,362	8,189	–	8,189
Investments (Note 4):						
Bonds and debentures	608,772	–	608,772	667,660	–	667,660
Short term	32,134	283	32,417	38,501	191	38,692
Equities	630,869	–	630,869	668,392	–	668,392
Pooled Funds	181,805	2,764	184,569	228,285	2,907	231,192
Mortgages	3,654	–	3,654	3,711	–	3,711
Real estate	109,628	–	109,628	107,731	–	107,731
	1,573,627	3,075	1,576,702	1,722,877	3,103	1,725,980
Contributions receivable:						
- Teachers'	1,804	–	1,804	1,750	–	1,750
- General Revenue Fund	–	–	–	8,331	–	8,331
	1,804	–	1,804	10,081	–	10,081
Total assets	$ 1,575,431	$ 3,075	$1,578,506	$ 1,732,958	$ 3,103	$1,736,061
LIABILITIES						
Accounts payable:						
Accounts payable - other	$ 258	$ 1	$ 259	$ 375	$ 1	$ 376
Accounts payable - General Revenue Fund	452	–	452	–	–	–
Total liabilities	710	1	711	375	1	376
Net assets available for benefits	1,574,721	3,074	1,577,795	1,732,583	3,102	1,735,685
Actuarial asset value adjustment	188,674	–	188,674	64,776	–	64,776
Actuarial value of net assets available for benefits	1,763,395	3,074	1,766,469	1,797,359	3,102	1,800,461
Actuarial accrued pension benefits (Statement 3)	3,713,480	3,074	3,716,554	3,621,000	3,102	3,624,102
Unfunded Liability	$ 1,950,085	$ –	$1,950,085	$ 1,823,641	$ –	$1,823,641

(See accompanying notes to the financial statements)

Statement 2
Teachers' Superannuation Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended June 30

	2003			2002		
	Superannuation Fund ($000s)	Voluntary Contributions Fund ($000s)	Total ($000s)	Superannuation Fund ($000s)	Voluntary Contributions Fund ($000s)	Total ($000s)
INCREASE IN ASSETS:						
Investment income:						
Interest	$ 43,803	$ 131	$ 43,934	$ 50,390	$ 114	$ 50,504
Dividends	14,869	–	14,869	15,841	–	15,841
Total investment income	58,672	131	58,803	66,231	114	66,345
Current period change in market values of investments	(51,694)	(43)	(51,737)	(53,736)	3	(53,733)
Contributions:						
- General Revenue Fund matching contributions	17,110	–	17,110	18,028	–	18,028
- General Revenue Fund other contributions	30,806	–	30,806	35,344	–	35,344
- Teachers'	17,210	109	17,319	18,129	166	18,295
Other transfers and contributions	2,737	–	2,737	2,414	–	2,414
Total contributions	67,863	109	67,972	73,915	166	74,081
Total increase in assets	$ 74,841	$ 197	$ 75,038	$ 86,410	$ 283	$ 86,693
DECREASE IN ASSETS:						
Marriage breakdown payments	$ 476	$ –	$ 476	$ 891	$ –	$ 891
Allowance to superannuates	223,450	–	223,450	210,760	–	210,760
Refunds and transfers	6,514	219	6,733	8,415	326	8,741
Investment expenses (Note 7)	2,263	6	2,269	2,433	6	2,439
Total decrease in assets	232,703	225	232,928	222,499	332	222,831
Decrease in net assets	$ (157,862)	$ (28)	$ (157,890)	$ (136,089)	$ (49)	$ (136,138)
Net assets available for benefits, beginning of year	1,732,583	3,102	1,735,685	1,868,672	3,151	1,871,823
Net assets available for benefits, end of year	$ 1,574,721	$ 3,074	$1,577,795	$ 1,732,583	$ 3,102	$ 1,735,685

(See accompanying notes to the financial statements)

Statement 3
Teachers' Superannuation Plan
Statement of Changes in Accrued Pension Benefits
For the Year Ended June 30

	2003 Superannuation Fund (Note 8) ($000s)	2002 Superannuation Fund ($000s)
BEGINNING OF YEAR	$ 3,621,000	$ 3,558,000
INCREASE IN ACCRUED PENSION BENEFITS:		
Interest on accrued benefits	271,575	265,000
Benefits accrued	49,450	46,000
Impact of plan amendments	10,537	27,000
Impact of plan experience	--	91,000
	331,562	429,000
DECREASE IN ACCRUED PENSION BENEFITS:		
Benefits paid	239,082	228,000
Impact of assumption changes	--	138,000
	239,082	366,000
Accrued pension benefits, end of year	$ 3,713,480	$ 3,621,000

(See accompanying notes to the financial statements)

Teachers' Superannuation Plan
Notes to the Financial Statements
For The Year Ended June 30, 2003

1. Status of the Commission

The Teachers' Superannuation Commission administers a pension plan, the Teachers' Superannuation Plan, consisting of the Teachers' Superannuation Fund and the Voluntary Contributions Fund (hereafter collectively referred to as the Plan). The Teachers' Superannuation Fund is used to account for the net assets accumulated for a defined benefit final average pension plan for teachers who commenced service prior to July 1, 1980. The Voluntary Contributions Fund is a money purchase fund, used to account for the net assets accumulated for teachers' voluntary contributions.

Description of Plan

The following description is a summary only. For more complete information, reference should be made to *The Teachers' Superannuation and Disability Benefits Act*.

Teachers' Superannuation Fund

a) Funding Policy

Members are required to contribute 6.05% of their salary subject to Canada Pension Plan contributions, and 7.85% on the remainder of their salary. The General Revenue Fund (GRF) pays into the Teachers' Superannuation Fund (Fund) an amount equal to the amount contributed by members. Also, the GRF pays the Superannuation Fund other contributions pursuant to section 9(4) of *The Teachers' Superannuation and Disability Benefits Act* (the Act). Section 9(4) of the Act requires the GRF to pay yearly an amount by which the allowances, transfers and refunds that are paid out in that fiscal year exceed the credited contributions of members with respect to whom an allowance commences or a refund or transfer is made in that fiscal year. These amounts do not include disability benefit payments.

b) Age and Service Allowance

The annual amount of pension is determined as follows:

- 2% of the five highest years salary times years of service (maximum 35 years)
- reduced at age 65 for Canada Pension Plan integration
- increased each January 1 by 80% of the increase in the Consumer Price Index

c) Interest Credited to Contributions

As of July 1, 1994, the interest credited to contributions is an annual rate determined by the Commission to be the annual rate of return earned from the investments of the Fund in a fiscal year, compounded annually. See Note 5 for determination of investment earnings.

d) Death Benefits

When a superannuate dies, the spouse receives 60% of the allowance plus a further 10% for each dependent child to a maximum of 25%. If there is no spouse or dependent children, the nominee or estate receives a lump

sum payment of the difference, if any, between the teachers' contributions and interest at retirement and the total pension paid to date.

e) Refunds

Refunds to teachers typically consist of the teacher's contributions and interest on those contributions.

Voluntary Contributions Fund

The Teachers' Superannuation Commission administers the Voluntary Contributions Fund. This Fund is continued under *The Teachers' Superannuation and Disability Benefits Act*. The Voluntary Contributions Fund allows active teachers to make contributions into the Fund, according to the limits set out in the *Income Tax Act (Canada)*.

The Voluntary Contributions Fund is credited with all voluntary contributions, any interest earned and any other revenue accrued from the investment of monies in the Voluntary Contributions Fund less investment expenses. This amount is reduced by amounts paid out of the Fund at the time the teacher makes an application for a refund. If eligible, the accumulated contributions and interest earned are paid to the teacher, the teacher's nominee or to the teacher's estate.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

a) Investments

Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices. Transactions in bonds and equities are recorded as of the trade date.

Investments denominated in foreign currency are translated at the exchange rate in effect at year end. Investment transactions and realized gains and/or losses are translated at the exchange rate in effect at the transaction date. Unrealized gains and losses resulting from exchange differences are included in the determination of the change in market value of investments.

Pooled funds are recorded based on the net asset value per unit of the underlying investments on the last valuation date.

Short-term investments are valued at cost, which approximates market value.

Mortgages are recorded at fair value. Fair value is determined by discounting the present value of all income streams accruing to the mortgage. The discount rate applied to these income streams reflects the current market rate for comparable mortgages. Real estate is recorded at fair value as estimated by independent appraisals.

The fair value of the investments approximates the market value.

b) Actuarial Asset Value Adjustment

The actuarial value of net assets available for benefits is determined by reference to market trends consistent with assumptions underlying the valuation of accrued pension benefits. The actuarial asset value adjustment represents the difference between the actual and management's best estimate of return on the Superannuation Fund amortized over four years. Using this adjustment, fair value remains the underlying basis for asset valuation, but fluctuations are averaged over a four-year period. For years in between valuations, the actuarial asset value adjustment is extrapolated.

3. Due From General Revenue Fund

The Teachers' Superannuation Fund and the Voluntary Contributions Fund bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. Under this arrangement, interest is calculated on the net position of all COBC accounts and is paid by the bank into the GRF.

The Funds' share of this interest is allocated and paid by the GRF on a quarterly basis into the Funds' bank accounts using the Government's thirty-day borrowing rate. The Government's average thirty-day borrowing rate in 2002-2003 was 2.83% (2001-2002 - 2.81%).

4. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing debentures and investment returns into assets such as Canadian and foreign equities, pooled funds, money market securities, bonds, mortgages and real estate. The Plan's investments are exposed to the following risks:

a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of the Plan's assets is affected by short-term changes in nominal interest rates.

b) Credit Risk

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Plan. The Commission limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Standard & Poor's Ratings Service.

c) Foreign Currency Risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian Dollar. Fluctuations in the relative value of the Canadian Dollar against these foreign currencies results in a positive or negative effect on the fair value of investments. The Commission manages the foreign currency risk by limiting the Plan's holdings of foreign investments to 30% of the book

value of the entire investment portfolio.

d) Market Risk

The Commission invests in publicly traded equities and bonds available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The Commission manages market risk by investing in different domestic and foreign markets and through the establishment and review of asset mix ranges and limits for various investments. The Commission does not use derivative financial instruments to alter the effects of these market changes and fluctuations.

e) Real Estate Risk

Risk in the real estate portfolio is managed through diversification across real estate types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across property type, geographic location and investment size.

Teachers' Superannuation Fund

The Teachers' Superannuation and Disability Benefits Act and the Plan's investment policy require that all the Plan's investments comply with the provisions of *The Pension Benefits Act, 1992*, which does not allow any one holding to represent more than 10% of the book value of the Plan's portfolio.

Short-term Investments

These investments are comprised of T- Bills, notes and commercial paper with effective interest rates of 2.96% to 3.66% (2002 - 2.38% to 3.08%) and a weighted average term to maturity of 101 days (2002 - 51 days). Interest is receivable at maturity.

Bonds and Debentures

The Plan's investment policy limits its investment concentration in any one investee or related group to no more than 10% of that corporation's book value of outstanding bonds. Bonds must meet a minimum quality standard of BBB rating as measured by a recognized credit rating service or be specifically approved by the Commission.

For the Superannuation Fund, the Plan invests in bonds that are considered to be high quality as described below.

	Years to Maturity	2003 Market Value ($000s)	2003 Weighted Average Yield (%)	2003 Weighted Average Coupon Rate (%)	2002 Market Value ($000s)	2002 Weighted Average Yield (%)	2002 Weighted Average Coupon Rate (%)
Federal Bonds							
Government of Canada	1-5	$ 114,659	3.18	4.26	$ 168,486	4.24	4.72
	6-10	133,799	4.17	4.75	115,180	5.39	5.36
	20+	62,142	5.07	5.75	82,499	5.77	5.75
Provincial and Provincially Guaranteed Bonds							
Other Provinces	1-5	35,135	3.35	4.52	51,755	4.45	6.61
	6-10	57,625	4.53	6.04	24,767	5.67	6.06
	11-15	10,269	5.09	6.13	14,925	5.94	6.09
	16-20	5,119	5.10	5.50	11,808	6.00	5.80
	20+	42,497	5.51	6.40	27,363	6.29	6.28
Saskatchewan	1-5	5,468	3.92	5.50	4,640	4.93	4.75
	6-10	3,164	4.77	5.25	9,266	5.31	5.50
	20+	9,768	5.51	6.19	4,988	6.28	6.03
Municipal	1-5	–	–	–	8	8.12	8.13
	20+	3,325	5.66	5.90	–	–	–
Corporate Bonds	1-5	67,425	3.93	6.00	76,585	4.82	6.31
	6-10	50,979	4.95	6.29	66,572	6.02	6.70
	11-15	–	–	–	2,444	7.41	6.75
	16-20	4,605	6.01	7.18	–	–	–
	20+	2,793	6.16	6.05	6,374	6.83	7.15
Total		$ 608,772			$ 667,660		

These bonds all meet the minimum quality standard of a BBB rating as measured by a recognized credit rating service. Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Equities

	2003 (market values) ($000s)	2002 (market values) ($000s)
Common shares - Canadian	$ 436,733	$ 442,166
- Foreign	194,136	226,226
	$ 630,869	$ 668,392

The Plan's investment policy limits any holding to represent no more than 10% of the outstanding shares of the issuing corporation. Foreign equities and pooled funds are denominated in Canadian dollars and are limited to 30% of the book value of the portfolio. The Superannuation Fund's equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. Dividends are generally declared on a quarterly basis. The average effective dividend rate during the year was 2.29% (2002 - 2.09%).

Pooled Funds

The Superannuation Fund holds units in pooled funds which have no fixed interest rate and its returns are based on the success of the manager.

The Teachers' Superannuation Fund unit holdings are:

	Units Held		% of Total Units Outstanding		Market Value		Investment Income and Change in Market Value	
	2003	2002	2003	2002	2003	2002	2003	2002
	(000s)				($000s)		($000s)	
Greystone EAFE Plus Fund	23,931	25,444	19.27	20.63	181,805	228,285	(31,727)	(22,439)

Mortgages

Investment in mortgages consist of Canadian properties. The net yield at the time of commitment is expected to exceed the yield on "A" rated bonds of similar terms by a minimum of 1.5% after administration fees. Principal and interest are received on a monthly basis.

Real Estate

Investments in real estate consist of Canadian property and are subject to approval by the Commission before each acquisition. Included in real estate are investments in related real estate corporations (see Note 7).

Voluntary Contributions Fund

Pooled Funds

The Voluntary Contributions Fund holds units in pooled funds which have no fixed interest rate and its returns are based on the success of the manager.

The Voluntary Contributions Fund unit holdings are:

	Units Held		% of Total Units Outstanding		Market Value		Investment Income and Change in Market Value	
	2003	2002	2003	2002	2003	2002	2003	2002
	(000s)				($000s)		- ($000s)	
Greystone Canadian Fixed Income Fund	149	159	0.99	1.09	$ 1,557	$1,600	$ 164	$ 137
Greystone Canadian Equity Fund	55	55	0.28	0.41	929	1,001	(42)	23
Greystone US Equities Pooled Fund	16	14	0.35	0.34	148	154	(20)	(31)
Greystone Money Market Fund	28	19	0.68	0.65	283	191	7	9
Greystone EAFE Plus Fund	17	17	0.01	0.01	130	152	(21)	(20)
					$ 3,047	$ 3,098	$ 88	$ 118

5. Teachers' Superannuation Fund - Determination of Investment Earnings for Administrative Purposes

The Commission determines investment earnings of the Superannuation Fund in order to establish what interest must be credited to teachers, and what interest teachers must pay when purchasing past service. The Commission has determined that only 25% of the current period change in market values of investments (includes both realized and unrealized gains and losses) will be recognized as part of investment earnings. The remaining 75% will be recognized equally over the following three years as part of investment earnings. Interest and dividend income less investment expenses are fully allocated for the current year.

6. Voluntary Contributions Fund - Earnings Allocation to Members

The Commission allocates all realized and unrealized gains/losses at year-end. During the year, the Commission allocated investment earnings less investment expenses of $82,264 to teachers' accounts (2002 - $111,180).

7. Related Party Transactions

These financial statements include transactions with related parties. The Plan is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Plan is related to non-Crown enterprises that the Government jointly controls or significantly influences.

a) Administration

In accordance with *The Teachers' Superannuation and Disability Benefits Act*, all expenses of the administration are paid out of monies appropriated from the GRF to the Department of Learning by the Legislature. Accordingly, no provision for these costs is included in these financial statements.

Expenses related to managing, investing or disposing of assets of the Teachers' Superannuation Fund and the Voluntary Contributions Fund are to be paid out of both Funds. The annual expenses for custodial fees and investment management fees are paid to RBC Global Services and Greystone Managed Investments Inc., respectively.

	2003			2002		
	Superannuation Fund	Voluntary Contributions Fund	Total	Superannuation Fund	Voluntary Contributions Fund	Total
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
Custodial fees	$ 116	$ 3	$ 119	$ 125	$ 3	$ 128
Investment fees	2,147	3	2,150	2,308	3	2,311
	$ 2,263	$ 6	$ 2,269	$ 2,433	$ 6	$ 2,439

b) Investment Management Services

Greystone Managed Investments Inc. (GMI) provides investment management services to the Teachers' Superannuation Fund and the Voluntary Contributions Fund on a fee-for-service basis. The Superannuation Fund is a shareholder in GMI. The Superannuation Fund holds 223,811 common shares (2002 - 223,811 common shares), 14.5% of the total shares outstanding in GMI (2002 - 14.5%).

c) Investment Holdings

Teachers' Superannuation Fund

Included in the totals for bonds and debentures and income are Province of Saskatchewan holdings of $18,400,181 (2002 - $18,894,235) and income including change in market value of $2,300,258 (2002 - $1,686,427).

Included in the total real estate investment at year-end are SaskPen Properties Ltd. holdings of $3,832,289 (2002 - $3,910,175) and income including change in market value of $221,811 (2002 - loss of $24,694). SaskPen Properties Ltd. is a real estate corporation owned by Government of Saskatchewan managed public sector pension plans.

Other transactions with related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

8. Actuarial Valuation - Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on services and the best estimate assumptions of the Teachers' Superannuation Commission. An actuarial valuation of the Teachers' Superannuation Fund was prepared by Aon Consulting Inc. as at June 30, 2001, and an extrapolation was made to June 30, 2002, and June 30, 2003.

The pension liability is based on a number of assumptions about future events including interest rate, rate of salary increase, inflation rate, mortality, retirement rates and termination rates. The actual rates may vary significantly from the long-term assumptions used.

The assumptions used in determining the actuarial value of accrued pension benefits were:

- salary increases at 3.5%.
- interest rate at 7.5%.
- inflation at 3.0%.

The following illustrates the effect of changing certain assumptions from the assumed rates of salary 3.5%, interest 7.5% and inflation 3.0%. For the salary and interest rate categories, the changes in assumption are independent of one another. The inflation category, however, is affected by other assumptions that have an interest component. In the scenario of the 1% reduction in inflation, the assumptions for the interest rate, salary increase, Year's Maximum Pensionable Earnings (YMPE) and Canada Customs and Revenue Agency pension maximum are also reduced by 1%.

	Long-term Assumptions					
	Salary		Interest Rates		Inflation	
Effect on Liability	2.5%	4.5%	6.5%	8.5%	2.0%	4.0%
(Decrease) Increase (in $000s)	$(41,042)	$44,062	$426,400	$(349,286)	$86,497	$(82,941)

For the June 30, 2001 valuation extrapolated to June 30, 2002, plan amendments to improve pensions for disabled members caused a $27,000,000 increase in the accrued pension benefits. The extrapolation to June 30, 2003 includes an additional $9,101,000 for the improvements of pensions to disabled members.

9. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Teachers' Superannuation Commission. The Commission reviews the investment performance of the Funds in terms of the performance of the benchmark portfolio over four year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

	2003 Return	Rolling Four Year Average Annual Return
Teachers' Superannuation Fund (a)	0.70%	4.40%
Target Rate of Return (b)	0.66%	2.42%
Voluntary Contributions Fund (a)	3.00%	5.90%
Target Rate of Return (b)	4.95%	4.73%

(a) The annual returns are before deducting investment expenses.

(b) The Commission's weighted target rate of return for its investment portfolio (return on the benchmark portfolio plus 10%) has been determined, after the fact, using the weighted actual returns of certain market indices (eg. TSX total return, Scotia Capital Universe Bond Index, etc).

10. Disability Benefits

The annual amount of disability benefits is determined by applying the regular allowance formula and is payable to a teacher who:

(a) is disabled because of total physical or mental incapacity for teaching;
(b) has 10 years of service;
(c) has at least three years of service in the five years preceding disablement; and
(d) has not attained age 65.

Payments may be discontinued or reduced on recovery or re-employment. The allowance is recalculated at age 65 to include service while on the Saskatchewan Teachers' Federation Income Continuance Plan.

Section 38(2) of *The Teachers' Superannuation and Disability Benefits Act* states the disability benefits are a charge on and payable out of the GRF. The $6,971,269 (2002 - $6,907,194) in disability benefits flowed through the Teachers' Superannuation Fund for administrative purposes only and is not reflected in these financial statements. The GRF provided contributions equal to the disability benefits.

Disability Benefits - Actuarial Valuation

The present value of accrued disability benefits was determined using the projected benefit method prorated on services and the best estimate assumptions approved by the Teachers' Superannuation Commission. An actuarial valuation of the Teachers' Superannuation Fund was prepared by Aon Consulting Inc. as at June 30, 2001, and an extrapolation was made to June 30, 2002 and June 30, 2003.

The actuarial present value of benefits as at June 30 and the principal components of change in actuarial present values during the year were as follows:

	2003 ($000s)	2002 ($000s)
Actuarial present value of accrued disability benefits, beginning of year	$ 78,000	$ 66,000
Interest accrued on benefits	5,850	6,000
Benefits accrued	1,075	1,000
Benefits paid	(7,232)	(7,000)
Impact of Plan experience	--	14,000
Impact of assumptions changes	--	(2,000)
Actuarial present value of accrued disability benefits, end of year	77,693	78,000
Net assets available for benefits	--	--
Unfunded liability	$ 77,693	$ 78,000

The disability liability is based on a number of assumptions about future events, including interest rate, rate of salary increase, inflation rate, mortality, retirement rates and termination rates. The actual rates may vary significantly from the long-term assumptions used.

The assumptions used in determining the actuarial value of accrued disability benefits were the same as for determining the accrued pension benefits (see Note 8).

The following illustrates the effect of changing certain assumptions from the assumed rates of salary 3.5%, interest 7.5% and inflation 3.0%.

	Long-term Assumptions					
	Salary		Interest Rates		Inflation	
Effect on Liability	2.5%	4.5%	6.5%	8.5%	2.0%	4.0%
(Decrease) Increase (in $000s)	$ (1,044)	$ 1,098	$ 5,065	$ (4,587)	$ 914	$ (889)

The disability liability is long-term in nature and there is no market for settling these obligations. Therefore, determination of the fair value for the disability liability is not practicable.

11. Cash Flow Forecast

The total cash inflow is the amount of contributions and investment income and proceeds from the sale of investments expected to be received by the pension plan. The GRF contributions include matching contributions and additional amounts contributed pursuant to section 9(4) of *The Teachers' Superannuation and Disability Benefits Act*. The total cash outflow is the amount required to pay all pension obligations. The forecast of cash inflows and outflows have been determined using the long-term assumptions outlined in Note 8. All amounts shown are based on actual dollar forecasts.

The cash required is the amount by which the cash outflows exceed cash inflows and is forecast to the year 2033:

	Cash Inflows				
Year	Investment Income ($000s)	Teachers Contributions ($000s)	GRF Contributions ($000s)	Cash Outflows ($000s)	Cash Required ($000s)
2003-2004	$ 139,183	$ 14,904	$ 81,578	$ 241,490	$ 5,825
2004-2005	137,300	13,671	55,402	253,330	46,957
2005-2006	132,978	12,335	46,837	265,153	73,003
2006-2007	127,177	10,950	51,211	276,996	87,658
2007-2008	119,974	9,449	44,672	286,069	111,974
Total within 5 years	$ 656,612	$ 61,309	$ 279,700	$ 1,323,038	$ 325,417
Total 6 - 10 years	$ 449,920	$ 25,408	$ 410,942	$ 1,594,667	$ 708,397
Total 11 - 30 years	$ 599,150	$ 5,351	$ 4,892,631	$ 6,390,285	$ 893,153

12. Fair Value of Financial Assets and Financial Liabilities

For the following financial instruments the fair value approximates their carrying value due to the immediate or short-term nature of these instruments. These financial instruments are interest and non-interest bearing and are due or payable within the next year.

(a) Due from GRF.
(b) Accrued investment income.
(c) Teachers' contributions receivable and GRF contributions receivable.
(d) GRF and other accounts payable.

For investments, fair values are considered to be market value, the calculation of which is described in Note 2.

The actuarial accrued pension benefits are long-term in nature and there is no market for settling these obligations. Therefore, determination of the fair value of the actuarial accrued pension benefits is not practicable (see Note 8).

Schedule 1 - Unaudited
Teachers' Superannuation Fund
Schedule of Investments and Accrued Interest, As At June 30, 2003

Investments	2003 Total Market Value ($000s)	2003 Accrued Interest ($000s)	2002 Total Market Value ($000s)	2002 Accrued Interest ($000s)
Canada and Canada Guaranteed	$ 310,600	$ 2,416	$ 366,165	$ 2,940
Provincial and Provincially Guaranteed	169,045	1,468	149,512	1,702
Urban Municipalities and Hospitals	3,325	15	8	1
Corporate Debentures	125,802	1,180	151,975	2,494
Corporate Shares	630,869	988	668,392	979
Pooled Funds	181,305	–	228,285	–
Insured Mortgages - Principal and Real Estate	113,282	14	111,442	16
Short-Term	32,134	281	38,501	57
Total	$ 1,566,862	$ 6,362	$ 1,714,280	$ 8,189

Schedule 2 - Unaudited
Teachers' Superannuation Fund
Schedule of Investments Acquired, Year Ended June 30, 2003

Investments	Maturity Date	Interest Rate	Market Value
DEBENTURES:			
Government of Canada	Dec. 01, 2003	7.50	$ 5,177,741
Government of Canada	Jun. 01, 2004	3.50	501,695,578
Government of Canada	Jun. 01, 2005	3.50	186,941,529
Government of Canada	Dec. 01, 2005	3.00	33,469,532
Government of Canada	Sep. 01, 2006	5.75	244,719,549
Government of Canada	Sep. 01, 2007	4.50	83,172,192
Government of Canada	Jun. 01, 2008	6.00	1,735,399
Government of Canada	Sep. 01, 2008	4.25	223,447,447
Government of Canada	Jun. 01, 2012	5.25	444,644,443
Government of Canada	Jun. 01, 2013	5.25	523,744,937
Government of Canada	Dec. 01, 2031	4.00	20,163,688
Government of Canada	Jun. 01, 2033	5.75	260,105,498
Alliance Pipeline	Jun. 30, 2023	7.18	366,861
Altalink	Jun. 05, 2013	5.43	1,189,726
Associates Capital	Sep. 17, 2007	5.03	1,418,447
Associates Capital	Jan. 30, 2006	4.05	2,240,869
BCE Inc.	Oct. 30, 2007	6.75	3,871,369
Borealis Enersource	May 03, 2011	6.27	1,650,671
CIBC	Apr. 01, 2004	3.33	1,000,000

Schedule 2 continued

Investments	Maturity Date	Interest Rate	Market Value
Canadian Tire	Jun. 09, 2008	5.70	778,697
Canadian Tire	Dec. 20, 2007	4.82	2,393,000
Column Canada	Feb. 12, 2012	5.94	2,363,000
Falcon Trust Com. MTG	Jan. 15, 2011	5.15	2,273,909
55 School Board Trust	Jun. 02, 2033	5.90	3,213,749
GE Capital Canada	Jul. 24, 2007	5.30	6,303,650
GE Capital Canada	Jan. 05, 2005	3.16	1,360,000
GE Capital Canada	Jun. 06, 2013	5.15	2,896,636
Glouster Credit Card	Mar. 15, 2006	5.69	677,952
Glouster Credit Card	Jun. 15, 2007	5.59	1,535,601
Glouster Credit Card	May 15, 2008	4.72	3,186,000
Greater Toronto Airports	Jan. 30, 2012	6.25	1,051,710
Great West Life Cap.	Dec. 31, 2052	6.00	3,075,000
H407 International	Jul. 27, 2009	6.05	4,709,565
H407 International	Aug. 15, 2007	9.00	1,528,643
H407 International	Dec. 17, 2007	6.90	1,701,102
Hollis Rec. Trust	Apr. 26, 2006	5.67	4,117,629
Hydro One Inc.	Nov. 15, 2012	5.77	2,350,412
Hydro One Inc.	May 04, 2007	4.45	3,186,051
Hydro One Inc.	Jun. 23, 2008	4.00	3,108,237
Hydro Quebec	Nov. 01, 2006	-	4,084,366
Investors Group Inc.	May 09, 2011	6.75	1,640,503
Loblaw Cos Ltd.	Jun. 02, 2008	6.00	799,650
Loblaw Cos Ltd.	Feb. 17, 2033	6.54	2,779,613
Loblaw Cos Ltd.	Jun. 09, 2034	6.05	2,819,663
Merrill Lynch Cda. Finance Co.	Nov. 19, 2007	5.35	3,097,768
Ontrea Inc.	Apr. 09, 2013	5.57	12,080,034
Province of British Columbia	Jun. 12, 2007	-	10,111,227
Province of British Columbia	Jun. 18, 2029	5.70	1,543,451
Province of British Columbia	Jun. 18, 2031	6.35	3,299,588
Province of British Columbia	Jan. 09, 2012	5.75	7,127,355
Province of Manitoba	May 15, 2011	10.00	3,247,647
Province of Manitoba	Dec. 03, 2012	5.25	4,581,616
Province of New Brunswick	Dec. 06, 2012	5.88	3,214,672
Province of Nova Scotia	Feb. 12, 2007	-	6,238,755
Province of Ontario	Jan. 24, 2005	-	7,734,905
Province of Ontario	Jan. 19, 2006	7.50	4,126,129
Province of Ontario	Feb. 01, 2006	-	15,200,478
Province of Ontario	Mar. 08, 2007	5.20	9,352,522
Province of Ontario	Nov. 19, 2009	6.20	3,185,412
Province of Ontario	Nov. 19, 2010	6.10	6,344,531
Province of Ontario	Dec. 02, 2011	6.10	11,660,765
Province of Ontario	Dec. 02, 2012	5.38	6,395,173
Province of Ontario	Jun. 02, 2027	7.60	3,605,242
Province of Ontario	Jun. 02, 2031	6.20	10,404,094
Province of Ontario	Mar. 08, 2033	5.85	3,152,768
Province of Ontario	May 30, 2008	-	10,420,521
Province of Quebec	Dec. 01, 2010	6.25	3,317,927
Province of Quebec	Oct. 01, 2012	6.00	2,687,918
Province of Quebec	Jun. 01, 2009	5.50	11,395,831
Province of Quebec	Jun. 01, 2032	6.25	4,765,941
Province of Saskatchewan	Dec. 03, 2012	5.25	5,538,946
Province of Saskatchewan	Sep. 05, 2031	6.40	4,176,109

Schedule 2 continued

Investments	Maturity Date	Interest Rate	Market Value
Quebec Finance Corp.	Dec. 01, 2008	5.75	2,459,362
RBC Trust	Jun. 30, 2010	7.29	1,477,200
Scotiabank Capital Trust	Jun. 30, 2052	6.63	1,385,855
Sun Life Assurance	Jun. 30, 2012	6.15	657,294
Toronto Dominion Bank	Jul. 31, 2007	6.55	1,534,680
Toronto Dominion Bank	Jun. 03, 2013	5.69	3,647,186
Toronto Dominion Capital Trust	Dec. 31, 2049	6.79	2,313,000
Wells Fargo Financial CDA	Jun. 15, 2007	5.50	928,831
SHARES:			
AGF Management Ltd.		–	551,887
Alliant Technology Systems		–	2,059,552
Amgen Inc.		–	996,337
Anheuser Busch Companies		–	132,055
Apache Corp.		–	3,792,665
ATI Technologies Inc.		–	1,582,637
Autozone Inc.		–	5,832,258
Bank of America Corporation		–	935,204
Bank of Montreal		–	2,947,537
Bank of Nova Scotia		–	897,582
Barrick Gold Corp.		–	3,926,287
Bombardier Inc.		–	518,493
Cameco Corp.		–	710,652
Canadian National Railways		–	2,813,590
Canadian Natural Resources		–	5,255,929
Capital One Financial		–	3,152,795
Cardinal Health Inc.		–	1,782,501
Carnival Corp.		–	1,377,020
CGI Group Inc.		–	683,295
Chevron Texaco Corp.		–	1,783,447
Church & Dwight Co. Inc.		–	87,204
Citigroup Inc.		–	1,630,689
Coach Inc.		–	2,130,540
Computer Association Int. Inc.		–	1,640,148
Conoco Phillips		–	3,277,261
Cott Corp.		–	5,315,140
Decoma International		–	1,933,190
Domtar Inc.		–	860,573
Dorel Industries Inc.		–	2,337,239
Encana Corporation		–	18,085,611
Exxon Mobil Corp.		–	339,732
Fedex Corporation		–	13,222
Finning International		–	1,620,101
Forzani Group Ltd.		–	3,169,993
General Electric Co.		–	713,357
Greystone EAFE Plus Fund		–	3,340,463
Home Depot Inc.		–	1,694,677
Intel Corp		–	2,400,616
ITT Industry Inc.		–	5,386,436
KB Home		–	2,059,552
Laboratory Corporation America		–	2,270,672
Lennar Corporation Class A		–	1,338,776
Lennar Corporation Class B		–	435,970
Loblaw Cos Ltd.		–	1,924,714

Schedule 2 continued

Investments	Maturity Date	Interest Rate	Market Value
Magna International Inc.		--	2,654,320
Manulife Financial Corporation		--	3,445,622
Masonite International		--	1,317,262
Meridian Gold Inc.		--	6,344,729
Microsoft Corporation		--	1,861,161
Mohawk Industries Inc.		--	746,159
Molson Inc.		--	2,959,999
National Bank of Canada		--	1,709,434
Occidental Pete Corp		--	5,204,302
Open Text Corporation		--	618,998
Pactiv Corporation		--	1,246,288
Patheon Inc.		--	4,555,880
Penn West Pete Ltd.		--	3,155,707
Petro-Canada		--	6,539,087
Pfizer Inc.		--	1,621,963
Potash Corp of Sask		--	9,058,442
Power Corp of Canada		--	3,181,188
Power Financial Corp.		--	1,238,761
Praxair Inc.		--	1,499,615
Proctor & Gamble Co.		--	2,384,539
Qualcomm Inc.		--	5,699,774
Quebecor World Inc.		--	708,190
Royal Bank of Canada		--	2,735,853
Royal Group Technologies		--	492,537
Saputo Inc.		--	5,222,912
SBC Communications		--	1,251,923
Shoppers Drug Mart		--	1,660,186
SNC-Lavalin Group		--	1,124,747
Symantec Corporation		--	1,472,511
Talisman Energy Inc.		--	3,029,695
Texas Instruments Inc.		--	2,700,649
Toronto Dominion Bank		--	545,552
Transalta Corporation		--	334,706
Transcanada Corporation		--	2,164,277
Transcanada Pipelines		--	898,393
Travelers Property Class A		--	120,516
Travelers Property Class B		--	268,995
US Bancorp Del.		--	4,546,184
Washington Mutual Inc.		--	348,941
MORTGAGES AND REAL ESTATE:			
50 Bloor Street West		--	2,101,406
Airways III		--	142,664
Bramalea City Centre		--	972,790
Crossroads Shopping		--	227,782
Enterprise Property		--	222,360
KS Equities Inc.		--	309,320
Rodick Equities Inc.		--	452,976
Rutherford Properties Ltd.		--	6,935
Seven Oaks		--	106,483
Shoppers World		--	1,461,196
University Equities		--	1,212,015
Victoria Gate		--	558,032

Schedule 2 continued

Investments	Maturity Date	Interest Rate	Market Value
SHORT-TERM:		–	1,263,639,357
MARKET VALUE AT TIME OF ACQUISITION			$ 4,270,921,459

Schedule 3 - Unaudited
Teachers' Superannuation Fund
Schedule of Investments Disposed, Year Ended June 30, 2003

Investments	Maturity Date	Interest Rate	Market Value
DEBENTURES:			
Government of Canada	Dec. 01, 2003	7.50	$ 5,163,361
Government of Canada	Jun. 01, 2004	3.50	562,640,106
Government of Canada	Sep. 01, 2004	5.00	49,323,175
Government of Canada	Jun. 01, 2005	3.50	153,163,136
Government of Canada	Sep. 01, 2006	5.75	260,076,421
Government of Canada	Sep. 01, 2007	4.50	83,129,502
Government of Canada	Jun. 01, 2008	6.00	18,737,831
Government of Canada	Sep. 01, 2008	4.25	159,449,341
Government of Canada	Jun. 01, 2012	5.25	539,365,874
Government of Canada	Jun. 01, 2013	5.25	458,555,232
Government of Canada	Dec. 01, 2031	4.00	19,979,859
Government of Canada	Jun. 01, 2033	5.75	287,696,051
Alberta Energy Caps	Jun. 27, 2005	8.38	3,724,507
Alliance Pipeline	Jun. 30, 2023	7.18	133,388
Associates Capital	Aug. 17, 2006	5.75	5,152,767
Associates Capital	Sep. 17, 2007	5.03	1,420,050
Atalink	Jun. 05, 2013	5.43	1,229,389
Bank of Nova Scotia	Jul. 22, 2008	5.65	1,918,872
BCE Inc.	Oct. 30, 2007	6.75	1,594,779
Bell Canada	May 01, 2003	6.00	2,609,263
Canada Trust Mortgage	Sep. 13, 2004	6.00	5,982,088
Canadian Tire	Jun. 09, 2008	5.70	152,415
Canadian Tire Receivable Trust	Dec. 20, 2007	4.82	150,225
Citibank Canada	Jul. 23, 2004	5.80	2,543,589
Citibank Canada	Jul. 28, 2005	6.55	5,675,253
CMHC	Dec. 03, 2007	5.30	7,223,212
Coca-Cola	Jul. 24, 2003	6.70	2,962,256
Enbridge Inc.	Apr. 12, 2006	5.45	2,375,262
Epcor Utilities	Mar. 22, 2016	6.75	2,331,990
Falcon Trust Com. MTG	Jan. 15, 2011	5.15	11,011
407 ETR International Inc.	Feb. 16, 2004	6.40	3,522,637
407 ETR International Inc.	Dec. 17, 2007	6.90	3,035,990
GE Capital Canada	Jul. 24, 2007	5.30	3,490,456
GE Capital Funding Co.	Jan. 05, 2005	3.16	1,360,680
Gloucester Credit Card Trust	Mar. 15, 2006	5.69	4,502,975
Gloucester Credit Card Trust	Jun. 15, 2007	5.59	206,740
GMAC	Mar. 28, 2005	5.85	4,033,987
Greater Toronto Airport	Jan. 30, 2012	6.25	4,289,588
Greater Toronto Airport	Jun. 04, 2031	7.10	2,164,147

Schedule 3 continued

Investments	Maturity Date	Interest Rate	Market Value
Great West Life Cap.	Dec. 31, 2012	6.00	149,580
Greystone Capital	Oct. 24, 2007	7.00	200,000
Hollis Receivable Trust	Sep. 21, 2004	6.21	361,130
Hydro One Inc.	May 04, 2007	4.45	3,272,912
Hydro One Inc.	Nov. 15, 2012	5.77	249,100
Hydro Quebec	Nov. 01, 2006	3.03	4,082,527
Lanigan Union Hospital	Jul. 01, 2002	8.13	8,312
Loblaw Companies Ltd.	Jun. 02, 2008	6.00	156,990
Loblaw Companies Ltd.	Feb. 17, 2033	6.54	2,878,611
Manulife	Jun. 30, 2012	6.70	3,779,908
Merrill Lynch Financial Assets	Apr. 15, 2011	6.79	322,500
Merrill Lynch Financial Assets	Jan. 12, 2011	5.66	111,329
Merrill Lynch Financial Assets	Nov. 12, 2033	5.66	3,333,713
Merrill Lynch Mortgage & Loan	Sep. 15, 2010	6.75	536,250
NAV Canada	Dec. 01, 2006	6.60	5,424,164
Nova Gas	Jan. 31, 2008	6.00	2,091,815
Ontrea Inc	Oct. 31, 2011	5.70	8,513,346
Ontrea Inc	Apr. 09, 2013	5.57	4,343,358
Province of British Columbia	Jun. 12, 2007	3.24	10,109,862
Province of British Columbia	Jun. 18, 2029	5.70	4,437,657
Province of Manitoba	Jan. 25, 2011	5.85	2,031,199
Province of Manitoba	Dec. 03, 2012	5.25	1,496,129
Province of New Brunswick	Apr. 19, 2005	8.75	5,383,708
Province of New Brunswick	Dec. 06, 2012	5.88	3,305,163
Province of New Brunswick	Dec. 27, 2017	6.00	2,921,949
Province of Nova Scotia	Feb. 12, 2007	2.95	6,237,194
Province of Nova Scotia	Sep. 01, 2010	6.40	3,288,235
Province of Ontario	Jan. 24, 2005	2.89	13,941,660
Province of Ontario	Mar. 08, 2005	6.25	4,050,816
Province of Ontario	Jan. 19, 2006	7.50	7,907,793
Province of Ontario	Feb. 01, 2006	2.99	7,742,678
Province of Ontario	Jul. 24, 2006	7.75	11,597,152
Province of Ontario	Nov. 19, 2009	6.20	10,603,649
Province of Ontario	Dec. 02, 2011	6.10	9,468,305
Province of Ontario	Dec. 02, 2012	5.38	6,566,722
Province of Ontario	Mar. 08, 2029	6.50	4,229,994
Province of Ontario	Jun. 02, 2031	6.20	3,301,253
Province of Ontario	Mar. 08, 2033	5.85	3,182,484
Province of Quebec	Dec. 01, 2005	6.50	13,427,414
Province of Quebec	Oct. 01, 2012	6.00	8,657,777
Province of Saskatchewan	Dec. 01, 2006	4.75	4,765,759
Province of Saskatchewan	Jun. 02, 2008	5.50	4,252,536
Province of Saskatchewan	Dec. 03, 2012	5.25	2,524,545
RBC Trust	Jun. 30, 2010	7.29	5,167,505
Royal Bank of Canada	Jun. 04, 2012	6.75	6,253,882
Sun Life Assurance	Jun. 06, 2022	6.15	1,688,268
Toronto Dominion Bank	Jun. 03, 2012	5.69	4,658,793
TD Capital Trust	Dec. 31, 2049	7.60	2,648,654
TD Capital Trust	Dec. 31, 2049	6.79	2,405,913
Transalta Corporation	Jan. 16, 2006	6.05	1,918,540
Wells Fargo Finance Canada	Jun. 15, 2007	5.50	1,259,527
SHARES:			
AGF Management Ltd.		–	7,333,455

Schedule 3 continued

Investments	Maturity Date	Interest Rate	Market Value
Alliant Techsystems		–	642,006
American International Group Inc.		–	4,931,472
Anheuser Busch Co.		–	3,718,506
ATI Technologies Inc.		–	4,102,943
Bank of America Corporation		–	1,547,218
Bank of Nova Scotia		–	4,366,349
Barrick Gold Corp.		–	3,743,659
Bombardier Inc.		–	5,996,303
Brinker International Inc.		–	3,189,347
CAE Inc.		–	2,676,720
Cameco Corporation		–	3,916,542
Canadian National Railway		–	7,895,358
Capital One Financial Co.		–	2,588,212
Cardinal Health Inc.		–	377,264
Carnival Corp.		–	4,019,512
Celestica		–	519,419
ChevronTexaco Corporation		–	1,082,535
Church & Dwight Inc.		–	2,174,601
Citigroup Inc.		–	224,257
Coach Inc.		–	181,379
Computer Association International		–	1,335,017
Conoco Inc.		–	813,973
Conocophillips		–	770,322
Domtar Inc.		–	841,405
Duke Energy Corporation		–	3,791,161
Federal National Mortgage Association		–	893,867
Fedex Corporation		–	1,369,969
Finning International		–	2,556,565
General Electric Co.		–	647,226
Greystone EAFE Plus Fund		–	14,753,000
Home Depot Incoprporated		–	2,145,612
Intel Corporation		–	1,229,321
Ipsco Inc.		–	4,631,792
JM Smucker Company		–	51,806
KB Home		–	1,731,597
Laboratory Coporation of America		–	2,163,862
Lennar Corporation		–	1,005,843
Loblaw Companies Ltd.		–	8,120,646
Magna International Inc.		–	908,880
Marriott International Inc.		–	3,185,622
Masonite International		–	643,992
Micrologix Biotech		–	404,076
Microsoft Corp.		–	40,373
Molson Inc.		–	876,009
Occidental Pete Corp.		–	333,056
Open Text Corporation		–	2,877,236
Pfizer Incorporated		–	2,174,410
Power Financial Corp.		–	2,943,200
Praxair Inc.		–	2,156,059
Procter & Gamble Co.		–	47,824
Quebecor World Inc.		–	5,978,839
Royal Bank of Canada		–	3,444,651
Royal Group Tech.		–	1,992,404
Safeway Inc.		–	5,044,321

Schedule 3 continued

Investments	Maturity Date	Interest Rate	Market Value
SBC Communications		--	5,452,274
Schering Plough Corp.		--	3,113,697
Shoppers Drug Mart		--	2,120,532
Symantec Corporation		--	1,037,707
Talbots Incorporation		--	1,901,930
Teknion Corporation		--	1,629,157
Texas Instruments Incorporated		--	4,626,865
Texas Instruments Incorporated		--	344,215
TJX Companies Inc.		--	2,774,398
Toronto Dominion Bank		--	14,088,270
Transalta Corporation		--	6,392,652
Travelers Property		--	274,426
US Bancorp		--	755,437
Waters Corporation		--	2,505,687
MORTGAGES AND REAL ESTATE:			
5830 Coopers		--	1,498,967
Dalhousie Equities Inc.		--	1,559,023
Eskimo Equities Inc.		--	1,335,655
Glendale Lodge Society		--	159,161
Kent Corp. Centre		--	1,196,704
Meridian Business Centre		--	3,057,229
Parkway Mall		--	1,252,774
Toronto Industrial Series Reisman		--	118,938
Miscellaneous		--	15,870
SHORT-TERM:		--	1,269,980,804
MARKET VALUE AT TIME OF DISPOSITION			$ 4,366,649,028

Schedule 4 - Unaudited
Teachers' Voluntary Contributions Fund
Schedule of Investments and Accrued Interest, As At June 30, 2003

	2003		2002	
Investments	Total Market Value ($000)	Accrued Interest ($000)	Total Market Value ($000)	Accrued Interest ($000)
Pooled Funds	$ 2,764	$ --	$ 2,907	$ --
Short-Term	283	--	191	--
TOTAL	$ 3,047	$ --	$ 3,098	$ --

Schedule 5 - Unaudited
Teachers' Voluntary Contributions Fund
Schedule of Investments Acquired, Year Ended June 30, 2003

Investments	Maturity Date	Interest Rate	Market Value
POOLED FUNDS:			
Greystone Canadian Equity Fund		–	$ 52,785
Greystone EAFE Plus Fund		–	2,252
Greystone US Equity Fund		–	15,499
Greystone Fixed Income Fund		–	104,022
SHORT-TERM:		–	135,652
MARKET VALUE AT TIME OF ACQUISITION			$ 310,210

Schedule 6 - Unaudited
Teachers' Voluntary Contributions Fund
Schedule of Investments Disposed, Year Ended June 30, 2003

Investments	Maturity Date	Interest Rate	Market Value
POOLED FUNDS:			
Greystone Canadian Equity Fund		–	$ 67,400
Greystone Fixed Income Fund		–	207,300
SHORT-TERM:		–	43,970
MARKET VALUE AT TIME OF DISPOSITION			$ 318,670